

State Spending and School Funding Limits.

Initiative Constitutional Amendment.

Proponents: William Hauck and Allan Zaremborg

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OFFICIAL TITLE AND SUMMARY  
PREPARED BY THE ATTORNEY GENERAL

**BALLOT TITLE AND SUMMARY**

**STATE SPENDING AND SCHOOL FUNDING LIMITS.  
INITIATIVE CONSTITUTIONAL AMENDMENT.**

- Limits state spending to prior year's level plus three previous years' average revenue growth.
- Changes state minimum school funding requirements (Proposition 98); eliminates repayment requirement when minimum funding suspended.
- Excludes appropriations above the minimum from schools' funding base.
- Directs excess General Fund revenues, currently directed to schools/tax relief, to budget reserve, specified construction, debt repayment.
- Permits Governor, under specified circumstances, to reduce appropriations of Governor's choosing, including employee compensation/state contracts.
- Continues prior year appropriations if state budget delayed.
- Prohibits state special funds borrowing.
- Requires payment of local government mandates.

**Summary of Legislative Analyst's Estimate of  
Net State and Local Government Fiscal Impact:**

- The provisions creating an additional state spending limit and granting the Governor new power to reduce spending in most program areas would likely reduce expenditures relative to current law. These reductions also could apply to schools and shift costs to other local governments.

**SUBJECT TO COURT  
ORDERED CHANGES**

PROPOSITION 76

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Date: July 22, 2005

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- The new spending limit could result in a smoother pattern of state expenditures over time, especially to the extent that reserves are set aside in good times and available in bad times.
- The provisions changing school funding formulas would make school and community college funding more subject to annual decisions of state policymakers and less affected by a constitutional funding guarantee.
- Relative to current law, the measure could result in a change in the mix of state spending—that is, some programs could receive a larger share and others a smaller share of the total budget.

**SUBJECT TO COURT  
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